

CITY OF BELLE PLAINE, KANSAS

**Financial Statements
December 31, 2010**

**with
Independent Auditors' Report**

CITY OF BELLE PLAINE, KANSAS

Financial Statements

December 31, 2010

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Statement 1:	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	2
Statement 2:	
Summary of Expenditures - Actual and Budget (Budgeted Funds Only)	3
Statement 3:	
Statement of Cash Receipts and Expenditures - Actual and Budget:	
Governmental Funds:	
General	4
Special Revenue Funds:	
Special Highway	5
Employee Benefit	6
Library	7
Capital Improvements - Actual	8
Sales Tax - Actual	9
Capital Improvement Reserve - Actual	10
Equipment Reserve - Actual	11
EMS Reserve - Actual	12
Capital Projects:	
Northview Heights 2nd Addition - Actual	13
Debt Service:	
Bond and Interest	14
Proprietary Funds:	
Sewer Utility	15
Wastewater Replacement - Actual	16
Refuse Utility	17
Water Utility	18
Water Reserve - Actual	19
Special Projects - Water - Actual	20
Fiduciary Funds:	
Designated Contributions - Actual	21
Customer Deposits - Actual	22
Notes to Financial Statements	23

PETERSON, PETERSON & GOSS, L.C.

MEMBERS
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE
P.O. BOX 1259

WICHITA, KANSAS 67201-1259

TELEPHONE 316-262-8371
FAX 316-262-5369
www.ppglc.com

**MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

OF COUNSEL
MARVIN W. NYE, C.P.A.

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.
MATT T. HAASE, C.P.A.
JON W. OETTING, C.P.A.

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Belle Plaine, Kansas

We have audited the accompanying financial statements of the individual funds of the City of Belle Plaine, Kansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Belle Plaine, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of the City of Belle Plaine, Kansas, as of December 31, 2010, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the City Council and management of the City of Belle Plaine, Kansas and for filing with the Kansas Department of Administration, Division of Accounts and Reports and should not be used for any other purpose.

Peterson Peterson & Goss LC

March 10, 2011

CITY OF BELLE PLAINE, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended December 31, 2010

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances</u>	<u>Ending Cash Balance</u>
Governmental Funds:						
General	\$ 118,734	\$ 538,113	\$ 547,051	\$ 109,796	\$ 11,759	\$ 121,555
Special Revenue Funds:						
Special Highway	63,233	40,915	47,631	56,517	5,858	62,375
Employee Benefit	54,665	95,807	139,621	10,851		10,851
Library	3,118	32,274	32,274	3,118	1,354	4,472
Capital Improvements	22,724	-	-	22,724		22,724
Sales Tax	154,633	97,906	145,353	107,186		107,186
Capital Improvement Reserve	108,756	-	757	107,999		107,999
Equipment Reserve	47,170	-	28,726	18,444		18,444
EMS Reserve	28,128	119,890	130,692	17,326		17,326
Capital Projects:						
Northview Heights 2nd Addition	16,612	12,760	29,362	10		10
Debt Service:						
Bond and Interest	8,126	16,788	24,895	19		19
Proprietary Funds:						
Sewer Utility	89,316	264,489	269,407	84,398	1,181	85,579
Wastewater Replacement	8,415	-	-	8,415		8,415
Refuse Utility	66,253	167,177	134,735	98,695	944	99,639
Water Utility	28,862	172,662	143,936	57,588	1,795	59,383
Water Reserve	14,000	-	-	14,000		14,000
Special Projects - Water	25,308	18,508	16,784	27,032		27,032
Fiduciary Funds:						
Designated Contributions	928	-	-	928		928
Customer Deposits	16,021	5,608	6,067	15,562		15,562
Total	\$ 875,002	\$ 1,582,897	\$ 1,697,291	\$ 760,608	\$ 22,891	\$ 783,499
Composition of cash:						
The Valley State Bank:						
Regular checking						\$ 786,214
Payroll clearing						(2,715)
Total cash						<u>\$ 783,499</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Summary of Expenditures - Actual and Budget (Budgeted Funds Only)
Year Ended December 31, 2010

Funds	Certified Budget	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
Governmental Funds:			
General	\$ 621,139	\$ 547,051	\$ 74,088
Special Revenue Funds:			
Special Highway	56,150	47,631	8,519
Employee Benefit	166,800	139,621	27,179
Library	37,765	32,274	5,491
Debt Service:			
Bond and Interest	24,895	24,895	-
Proprietary Funds:			
Sewer Utility	301,004	269,407	31,597
Refuse Utility	166,727	134,735	31,992
Water Utility	174,660	143,936	30,724

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 277,354	\$ 267,408	\$ (9,946)
Delinquent tax	7,000	10,882	3,882
Motor vehicle tax	45,724	29,336	(16,388)
Liquor tax			-
Charges for services	12,000	19,879	7,879
Licenses and permits	3,500	3,635	135
Franchise tax	75,000	77,896	2,896
Fines and forfeitures	35,000	28,951	(6,049)
Interest	6,000	8,215	2,215
Ambulance	50,000	84,178	34,178
Restitution	-	2,400	2,400
Reimbursements	6,400	4,363	(2,037)
Other	1,000	970	(30)
Total Cash Receipts	<u>518,978</u>	<u>538,113</u>	<u>19,135</u>
Expenditures:			
Administration	102,714	76,832	25,882
Police	249,235	231,621	17,614
Emergency management		4,844	(4,844)
EMS	169,880	153,600	16,280
Pool	37,475	33,569	3,906
Parks	14,250	9,375	4,875
City Council, zoning, building	2,210	1,480	730
Court	28,675	17,113	11,562
Community building	16,700	12,517	4,183
Transfer to Northview Heights 2nd Addition Fund	-	6,100	(6,100)
Total Expenditures	<u>621,139</u>	<u>547,051</u>	<u>74,088</u>
Receipts Over (Under) Expenditures	(102,161)	(8,938)	93,223
Unencumbered Cash, Beginning	<u>102,161</u>	<u>118,734</u>	<u>16,573</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 109,796</u>	<u>\$ 109,796</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Special Highway Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Special city/county highway	\$ 44,000	\$ 40,915	\$ (3,085)
Expenditures:			
Personal services	8,000	7,314	686
Contractual	21,900	7,553	14,347
Commodities	17,250	22,042	(4,792)
Capital outlay	5,000	4,137	863
Street repair	4,000	6,585	(2,585)
Total Expenditures	<u>56,150</u>	<u>47,631</u>	<u>8,519</u>
Receipts Over (Under) Expenditures	(12,150)	(6,716)	5,434
Unencumbered Cash, Beginning	<u>47,038</u>	<u>63,233</u>	<u>16,195</u>
Unencumbered Cash, Ending	<u>\$ 34,888</u>	<u>\$ 56,517</u>	<u>\$ 21,629</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Employee Benefit Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 35,041	\$ 33,631	\$ (1,410)
Delinquent tax	2,000	3,809	1,809
Motor vehicle tax	21,407	13,367	(8,040)
Transfer from Water Utility Fund	-	30,000	30,000
Transfer from Refuse Utility Fund	-	15,000	15,000
Total Cash Receipts	<u>58,448</u>	<u>95,807</u>	<u>37,359</u>
Expenditures:			
KPERs, etc.	58,300	51,848	6,452
Health insurance	90,000	74,544	15,456
Insurance	18,500	13,229	5,271
Total Expenditures	<u>166,800</u>	<u>139,621</u>	<u>27,179</u>
Receipts Over (Under) Expenditures	(108,352)	(43,814)	64,538
Unencumbered Cash, Beginning	<u>108,352</u>	<u>54,665</u>	<u>(53,687)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 10,851</u>	<u>\$ 10,851</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Library Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 28,012	\$ 27,005	\$ (1,007)
Delinquent tax	-	1,355	1,355
Motor vehicle tax	6,102	3,914	(2,188)
Total Cash Receipts	<u>34,114</u>	<u>32,274</u>	<u>(1,840)</u>
Expenditures:			
Appropriation to Library Board	<u>37,765</u>	<u>32,274</u>	<u>5,491</u>
Total Expenditures	<u>37,765</u>	<u>32,274</u>	<u>5,491</u>
Receipts Over (Under) Expenditures	(3,651)	-	3,651
Unencumbered Cash, Beginning	<u>3,651</u>	<u>3,118</u>	<u>(533)</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 3,118</u></u>	<u><u>\$ 3,118</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Capital Improvements Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 22,724</u>
Unencumbered Cash, Ending	<u><u>\$ 22,724</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Sales Tax Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Cash Receipts:	
City sales tax	\$ 97,906
Expenditures:	
Capital outlay - streets	<u>145,353</u>
Receipts Over (Under) Expenditures	(47,447)
Unencumbered Cash, Beginning	<u>154,633</u>
Unencumbered Cash, Ending	<u><u>\$ 107,186</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Capital Improvement Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Expenditures:	
Capital outlay	<u>\$ 757</u>
Receipts Over (Under) Expenditures	(757)
Unencumbered Cash, Beginning	<u>108,756</u>
Unencumbered Cash, Ending	<u><u>\$ 107,999</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Equipment Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Expenditures:	
Capital outlay	<u>\$ 28,726</u>
Receipts Over (Under) Expenditures	(28,726)
Unencumbered Cash, Beginning	<u>47,170</u>
Unencumbered Cash, Ending	<u><u>\$ 18,444</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
EMS Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Cash Receipts:	
Grant proceeds	\$ 119,890
Expenditures:	
Ambulance	124,981
Capital outlay	<u>5,711</u>
Total Expenditures	130,692
Receipts Over (Under) Expenditures	(10,802)
Unencumbered Cash, Beginning	<u>28,128</u>
Unencumbered Cash, Ending	<u><u>\$ 17,326</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
 Capital Projects Fund
 Northview Heights 2nd Addition
 Statement of Cash Receipts and Expenditures - Actual
 Year Ended December 31, 2010

	<u>Actual</u>
Cash Receipts:	
Sale of lot	\$ 6,660
Transfer from General Fund	<u>6,100</u>
Total Cash Receipts	12,760
Expenditures:	
Special assessments	7,264
Bond principal	7,000
Bond interest	<u>15,098</u>
Total Expenditures	<u>29,362</u>
Receipts Over (Under) Expenditures	(16,602)
Unencumbered Cash, Beginning	<u>16,612</u>
Unencumbered Cash, Ending	<u><u>\$ 10</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
 Bond and Interest Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Delinquent tax	\$ -	\$ 4	\$ 4
Transfer from Special Projects - Water Fund	24,895	16,784	(8,111)
Total Cash Receipts	<u>24,895</u>	<u>16,788</u>	<u>(8,107)</u>
Expenditures:			
Principal	20,000	20,000	-
Interest	4,895	4,895	-
Total Expenditures	<u>24,895</u>	<u>24,895</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	(8,107)	(8,107)
Unencumbered Cash, Beginning	<u>8,052</u>	<u>8,126</u>	<u>74</u>
Unencumbered Cash, Ending	<u>\$ 8,052</u>	<u>\$ 19</u>	<u>\$ (8,033)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Sewer Utility Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended December 31, 2010

	Budget	Actual	Variance - Favorable (Unfavorable)
Cash Receipts:			
Sewer service charges and taps	\$ 275,000	\$ 264,489	\$ (10,511)
Expenditures:			
Personnel services	36,000	31,418	4,582
Contractual services	29,670	7,503	22,167
Commodities	7,200	13,873	(6,673)
Capital outlay	7,500	288	7,212
Medical insurance	10,500	6,894	3,606
KPERs	5,700	4,997	703
KDHE loan principal	141,688	141,688	-
KDHE loan interest and commission	62,746	62,746	-
Total Expenditures	<u>301,004</u>	<u>269,407</u>	<u>31,597</u>
Receipts Over (Under) Expenditures	(26,004)	(4,918)	21,086
Unencumbered Cash, Beginning	<u>33,863</u>	<u>89,316</u>	<u>55,453</u>
Unencumbered Cash, Ending	<u>\$ 7,859</u>	<u>\$ 84,398</u>	<u>\$ 76,539</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Wastewater Replacement Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 8,415</u>
Unencumbered Cash, Ending	<u><u>\$ 8,415</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
 Refuse Utility Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Cash Receipts:			
Refuse service charges	\$ 160,000	\$ 167,177	\$ 7,177
Expenditures:			
Personnel services	54,000	47,435	6,565
Contractual services	61,620	44,653	16,967
Commodities	15,000	10,855	4,145
Medical insurance	7,500	9,295	(1,795)
KPERS	8,532	7,185	1,347
Sales tax	75	24	51
Capital outlay	20,000	288	19,712
Transfer to Employee Benefit Fund	-	15,000	(15,000)
Total Expenditures	<u>166,727</u>	<u>134,735</u>	<u>31,992</u>
Receipts Over (Under) Expenditures	(6,727)	32,442	39,169
Unencumbered Cash, Beginning	<u>34,588</u>	<u>66,253</u>	<u>31,665</u>
Unencumbered Cash, Ending	<u>\$ 27,861</u>	<u>\$ 98,695</u>	<u>\$ 70,834</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Water Utility Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended December 31, 2010

	Budget	Actual	Variance - Favorable (Unfavorable)
Cash Receipts:			
Water service charges and other	\$ 180,000	\$ 172,662	\$ (7,338)
Expenditures:			
Personnel services	55,000	52,234	2,766
Contractual services	36,070	12,034	24,036
Commodities	25,900	28,085	(2,185)
Capital outlay	35,000	1,039	33,961
Medical insurance	13,000	11,476	1,524
KPERS	8,690	8,313	377
Sales tax	1,000	755	245
Transfer to Employee Benefit Fund	-	30,000	(30,000)
Total Expenditures	<u>174,660</u>	<u>143,936</u>	<u>30,724</u>
Receipts Over (Under) Expenditures	5,340	28,726	23,386
Unencumbered Cash, Beginning	<u>60,620</u>	<u>28,862</u>	<u>(31,758)</u>
Unencumbered Cash, Ending	<u>\$ 65,960</u>	<u>\$ 57,588</u>	<u>\$ (8,372)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Water Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 14,000</u>
Unencumbered Cash, Ending	<u><u>\$ 14,000</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Special Projects - Water Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Cash Receipts:	
Charges	\$ 18,508
Expenditures:	
Transfer to Bond and Interest Fund	<u>16,784</u>
Receipts Over (Under) Expenditures	1,724
Unencumbered Cash, Beginning	<u>25,308</u>
Unencumbered Cash, Ending	<u><u>\$ 27,032</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Designated Contributions Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 928</u>
Unencumbered Cash, Ending	<u><u>\$ 928</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS
Customer Deposits Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended December 31, 2010

	<u>Actual</u>
Cash Receipts:	
Deposits	\$ 5,608
Expenditures:	
Deposits paid or applied	<u>6,067</u>
Receipts Over (Under) Expenditures	(459)
Unencumbered Cash, Beginning	<u>16,021</u>
Unencumbered Cash, Ending	<u><u>\$ 15,562</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS

Notes to Financial Statements

December 31, 2010

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the City of Belle Plaine, Kansas (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The City of Belle Plaine is a municipal corporation governed by an elected mayor and council. These financial statements present the City of Belle Plaine (the primary government) but do not include its component unit, The Library Board. The component unit is not included in the City's report because of the insignificance of its financial relationship with the City.

Basis of Presentation

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Belle Plaine, Kansas for the year 2010:

Governmental Funds:

General Fund – to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Capital Projects Fund - to account for financial resources segregated for the acquisition of major capital facilities (other than those financed by Enterprise Funds).

Debt Service Fund – to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

CITY OF BELLE PLAINE, KANSAS

Notes to Financial Statements

December 31, 2010

1. Summary of Significant Accounting Policies (continued)

Proprietary Funds:

Enterprise Funds – to account for operations that are financed and operated in a manner similar to a private business enterprise, where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Trust Funds – to account for assets held by a governmental unit in a trustee capacity for others.

Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, but do not include depreciation of capital assets. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is recorded in the fund from which the transfer is made.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, capital leases and compensated absences are not presented as liabilities in the financial statements.

CITY OF BELLE PLAINE, KANSAS
Notes to Financial Statements
December 31, 2010

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

The City adopted FASB ASC 855, *Subsequent Events*, effective for financial periods ending after June 15, 2009. The objective of FASB ASC 855 is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. Subsequent events have been evaluated through March 10, 2011, which is the date the financial statements were available to be issued. Events requiring disclosure were identified and disclosed.

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

CITY OF BELLE PLAINE, KANSAS

Notes to Financial Statements

December 31, 2010

2. Budgetary Information (continued)

A legal external operating budget is not required for capital project funds, trust funds and certain special revenue funds. Spending in funds which are not subject to the external annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. Deposits

At year-end the carrying amount of the City's deposits was \$786,214. The bank statement balances were \$808,733. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining \$558,733 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities.

4. Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Northview Heights 2 nd Addition Fund	\$ 6,100
Special Projects - Water Fund	Bond and Interest Fund	16,784
Water Utility Fund	Employee Benefits Fund	30,000
Refuse Utility Fund	Employee Benefits Fund	15,000

5. Compliance with Kansas Statutes

Management is not aware of any statutory violations for the period.

6. Defined Benefit Pension Plan

Plan Description. The City of Belle Plaine contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

CITY OF BELLE PLAINE, KANSAS

Notes to Financial Statements

December 31, 2010

6. Defined Benefit Pension Plan (continued)

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statutes for 1/01/10 to 12/31/10 is 7.14%. The City of Belle Plaine employer contributions to KPERS for the years ending December 31, 2010, 2009 and 2008 were \$25,754, \$17,545 and \$16,674, respectively, equal to the required contributions for each year.

7. Compensated Absences

The City's policy regarding vacation and sick leave was revised to a paid time off policy in June 2009. The current policy requires all converted vacation and sick leave to paid time off be used prior to December 1, 2010. The employees will then only be able to carry over one week or request a buyout of that week and lose the rest of the accumulated paid time off. They will earn paid time off each year based on years of service to the city. The estimated liability at December 31, 2010 if all employees with accumulated paid time off were to terminate employment would be \$1,939.

8. Risk Management

The City manages risk primarily through the purchase of insurance coverage from commercial insurers.

9. Long-term Debt

Changes in long-term debt for year ended December 31, 2010 along with associated future maturities are as follows:

CITY OF BELLE PLAINE, KANSAS
Notes to Financial Statements
Year Ended December 31, 2010

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Series 2005 - Refunding	3.81%	3/1/2005	225,000	12/1/2016	\$ 125,000	\$ -	\$ 20,000	\$ -	\$ 105,000	\$ 4,895
Series 2009	1.75% - 5.5%	2/20/2009	230,000	3/1/2029	230,000	-	7,000	-	223,000	15,098
Total General Obligation Bonds					355,000	-	27,000	-	328,000	19,993
Revolving Loan Program:										
KDHE Construction Loan	3.44%	1999-2002	3,111,220	3/1/2021	1,859,144	-	141,688	-	1,717,456	62,746
Capital Leases:										
Police Station	5.00%	4/1/2005	100,000	4/1/2015	65,733	-	9,664	-	56,069	3,287
2007 Dodge Police Car	6.25%	8/27/2007	23,628	8/27/2012	15,026	-	4,708	-	10,318	939
2005 Cat 420D Backhoe	3.50%	12/12/2008	54,500	12/12/2010	27,719	-	27,719	-	-	1,008
2009 Dodge Police Car	4.00%	3/6/2009	24,866	12/12/2013	20,095	-	4,732	-	15,363	804
Office Copier	0.00%	4/1/2009	7,581	3/31/2014	6,444	-	1,516	-	4,928	-
EMS Copier	0.00%	1/1/2009	872	12/31/2011	581	-	291	-	290	-
Total Capital Leases					135,598	-	48,630	-	86,968	6,038
Total Contractual Indebtedness					2,349,742	-	217,318	-	2,132,424	88,777
Compensated Absences	N/A	N/A	N/A	N/A	30,280	-	-	(28,341)	1,939	-
Total Long-term Debt					\$ 2,380,022	\$ -	\$ 217,318	\$ (28,341)	\$ 2,134,363	\$ 88,777

Schedule of Maturities of Contractual Indebtedness

	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	Total
Principal									
General obligation bonds	\$ 27,000	\$ 23,000	\$ 28,000	\$ 23,000	\$ 24,000	\$ 71,000	\$ 66,000	\$ 66,000	\$ 328,000
Revolving loan program	146,604	151,691	156,954	162,399	168,034	931,774	-	-	1,717,456
Capital leases	21,878	22,600	18,030	12,126	12,334	-	-	-	86,968
Total Principal	\$ 195,482	\$ 197,291	\$ 202,984	\$ 197,525	\$ 204,368	\$ 1,002,774	\$ 66,000	\$ 66,000	\$ 2,132,424
Interest									
General obligation bonds	\$ 13,901	\$ 13,010	\$ 12,237	\$ 11,215	\$ 10,343	\$ 39,867	\$ 26,125	\$ 7,422	\$ 134,120
Revolving loan program	57,831	52,744	47,481	42,035	36,400	90,400	-	-	326,891
Capital leases	4,063	3,051	1,973	1,204	616	-	-	-	10,907
Total Interest	\$ 75,795	\$ 68,805	\$ 61,691	\$ 54,454	\$ 47,359	\$ 130,267	\$ 26,125	\$ 7,422	\$ 471,918